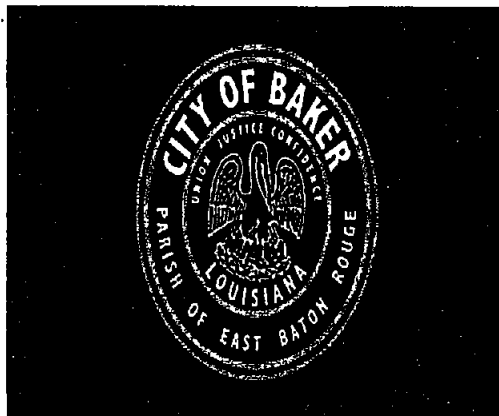


**CITY OF BAKER, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**AS OF AND FOR THE**  
**YEAR ENDED JUNE 30, 2012**



The Honorable Harold M. Rideau, Mayor

Council Members

Joyce Burges  
John Givens  
Norman "Pete" Heine  
Dr. Charles Vincent  
Robert Young

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 08 2013

**CITY OF BAKER, LOUISIANA  
ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

	<u>Page No.</u>
Independent Auditors' Report.....	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Required Supplemental Information (Part 1 of 2)	
Managements' Discussion and Analysis.....	4
Government-Wide Financial Statements	
Statement of Net Assets.....	13
Statement of Activities.....	15
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	23
Proprietary Funds:	
Statement of Net Assets.....	24
Statement of Revenues, Expenses and Changes in Net Assets.....	27
Statement of Cash Flows.....	29
Notes to the Financial Statements	
Index.....	33
Notes.....	34
Required Supplemental Information (Part 2 of 2)	
Budgetary Comparison Schedule – General Fund.....	55
Budgetary Comparison Schedule – Street Maintenance Fund.....	59

**CITY OF BAKER, LOUISIANA  
ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

	<u>Page No.</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
General Fund:	
Comparative Balance Sheet.....	61
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	63
Special Revenue Funds:	
Combining Balance Sheet.....	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	69
911 Communications Fund	
Comparative Balance Sheet.....	71
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	72
Supplemental Pay Fund	
Comparative Balance Sheet.....	73
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	74
Fire/Police Special Tax Fund	
Comparative Balance Sheet.....	75
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	76
Street Maintenance/Construction Fund	
Comparative Balance Sheet.....	77
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	78
City Court Fund	
Comparative Balance Sheet.....	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	80

**CITY OF BAKER, LOUISIANA  
ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

	<u>Page No.</u>
Enterprise Funds:	
Utility Fund	
Comparative Balance Sheet.....	81
Comparative Statement of Revenues, Expenses and Changes in Net Assets.....	83
Comparative Statement of Cash Flows.....	84
Cemetery Fund	
Comparative Balance Sheet.....	86
Comparative Statement of Revenues, Expenses and Changes in Net Assets.....	88
Comparative Statement of Cash Flows.....	89
City Parish Sewer Revenue Fund	
Comparative Balance Sheet.....	91
Comparative Statement of Revenues, Expenses and Changes in Net Assets.....	92
Comparative Statement of Cash Flows.....	93

**SUPPLEMENTARY SCHEDULES AND INFORMATION**

Schedule of Compensation Paid to Governing Members.....	96
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	97
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i> .....	99
Schedule of Expenditures of Federal Awards.....	101
Schedule of Findings and Questioned Costs.....	102
Schedule of Prior Year Findings.....	103
Management's Corrective Action Plan.....	104

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## **BASIC FINANCIAL STATEMENTS**

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**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

.....  
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*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

The Honorable Harold M. Rideau, Mayor  
and the Members of the City Council  
City of Baker, Louisiana  
P. O. Box 707  
Baker, Louisiana 70704-0707

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Baker, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Baker, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Baker, Louisiana as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the City of Baker, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our tests of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baker, Louisiana's financial statements as a whole. The accompanying supplementary information, as listed in the table of contents under supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
December 17, 2012

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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**CITY OF BAKER, LOUISIANA  
MANAGEMENTS' DISCUSSION & ANALYSIS  
JUNE 30, 2012**

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As management of the City of Baker, we offer readers of the City of Baker's financial statements this narrative overview and analysis of the financial activities of the City of Baker for the fiscal year ended June 30, 2012. The emphasis of discussions about these statements will be on current year data.

This discussion and analysis of the City of Baker's financial statements provide an overview of its financial activities for the year.

**Financial Highlights**

- \* The assets of the City of Baker exceeded its liabilities at the close of the most recent fiscal year by \$27,515,394 (net assets). Of this amount, \$4,363,407 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The City of Baker's total net assets increased by \$67,319.
- \* As of the close of the fiscal year, the City of Baker's governmental activities reported combined ending net assets of \$18,943,875, a decrease of \$1,361,676 in comparison with the prior year. Of this amount, \$2,508,468 is available for spending at the government's discretion (unrestricted net assets).
- \* The City's business-type activities reported an increase in net assets of \$1,428,995 to \$8,571,518. There is \$1,854,940 available for operations.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Baker's basic financial statements. The City of Baker's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Baker's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Baker's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Baker is improving or deteriorating.

**CITY OF BAKER, LOUISIANA**  
**MANAGEMENTS' DISCUSSION & ANALYSIS**  
**JUNE 30, 2012**

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The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Baker that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Baker include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the City of Baker include water, gas, sewer and burial services.

The government-wide financial statements can be found on pages 13-16 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Baker, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Baker can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Baker maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and the street maintenance fund, both of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**CITY OF BAKER, LOUISIANA**  
**MANAGEMENTS' DISCUSSION & ANALYSIS**  
**JUNE 30, 2012**

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The City of Baker adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and street maintenance fund to demonstrate compliance with these budgets. While not required, the City also adopts budgets for its non-major governmental funds and proprietary funds in order to provide management of its resources.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

**Proprietary funds.** The City of Baker maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Baker uses enterprise funds to account for its utilities (water and gas), sewer and burial services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility, Cemetery and City Parish Sewer Revenue funds.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are indexed on page 33 and begin immediately after.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Baker's budgetary comparison schedules for its major governmental funds.

The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented immediately following the required supplementary information on budgetary comparison schedules. Combining and individual fund statements and schedules can be found following the notes to the financial statements.

**CITY OF BAKER, LOUISIANA  
MANAGEMENTS' DISCUSSION & ANALYSIS  
JUNE 30, 2012**

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**Government-wide Financial Analysis**

The following is a summary of the City of Baker's net assets:

**SUMMARY OF NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>				
Current and other assets	\$ 11,638,279.98	\$ 11,992,402.31	\$ 6,148,794.96	\$ 4,684,754.46
Capital assets, net	<u>9,905,684.91</u>	<u>9,712,872.12</u>	<u>6,671,592.43</u>	<u>6,546,607.83</u>
<b>Total Assets</b>	<b>21,543,964.89</b>	<b>22,487,937.46</b>	<b>12,820,387.39</b>	<b>11,231,362.29</b>
<b>Liabilities:</b>				
Other liabilities	1,212,804.86	189,974.29	1,215,964.32	1,105,766.71
Long-term liabilities	<u>1,387,284.96</u>	<u>1,209,748.96</u>	<u>3,032,904.59</u>	<u>2,983,072.43</u>
<b>Total Liabilities</b>	<b><u>2,600,089.82</u></b>	<b><u>1,399,723.25</u></b>	<b><u>4,248,868.91</u></b>	<b><u>4,088,839.14</u></b>
<b>Net Assets:</b>				
Investment in capital assets, net of related debt	9,588,940.63	9,217,127.84	3,952,509.25	4,118,857.83
Restricted	6,846,466.85	5,636,134.26	2,764,069.68	973,207.68
Unrestricted	<u>2,508,467.59</u>	<u>5,452,289.08</u>	<u>1,854,939.55</u>	<u>2,050,457.64</u>
<b>Total Net Assets</b>	<b><u>18,943,875.07</u></b>	<b><u>20,305,551.18</u></b>	<b><u>8,571,518.48</u></b>	<b><u>7,142,523.15</u></b>

By far the largest portion of the City of Baker's net assets (49%) reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The City of Baker uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Baker's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Baker's net assets (29%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$4,363,407) may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the City of Baker is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**CITY OF BAKER, LOUISIANA  
MANAGEMENTS' DISCUSSION & ANALYSIS  
JUNE 30, 2012**

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The following is a summary of the City of Baker's changes in net assets:

**SUMMARY OF CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>				
Charges for services	\$ 3,143,160.56	\$ 2,992,362.79	\$ 4,844,922.97	\$ 3,996,248.56
Operating grants and contributions	323,552.66	887,489.35	.00	.00
Capital grants and contributions	327,750.00	.00	110,106.46	492,648.79
General revenues:				
Sales taxes	4,716,069.85	5,967,356.08	.00	.00
Other revenues, net	<u>2,205,113.72</u>	<u>2,238,393.91</u>	<u>(23,080.28)</u>	<u>(137,283.94)</u>
Total Revenues	10,715,646.79	12,085,602.13	4,931,949.15	4,351,613.41
<b>Expenses:</b>				
General government	2,677,183.65	3,268,108.35	.00	.00
Culture and recreation	67,921.33	99,136.87	.00	.00
Intergovernmental	205,950.38	13,383.23	.00	.00
Public safety	5,716,084.00	5,718,289.00	.00	.00
Public works	2,968,896.88	2,130,443.91	.00	.00
Post-employment benefits	431,536.00	.00	.00	.00
Interest on long-term debt	9,750.66	18,948.23	.00	.00
Cemetery	.00	.00	142,863.44	161,751.66
City-Parish sewer	.00	.00	67,731.22	90,456.34
Utility	.00	.00	3,292,359.16	3,681,025.19
Total Expenses	<u>12,077,322.90</u>	<u>11,248,309.59</u>	<u>3,502,953.82</u>	<u>3,933,233.19</u>
Change in Net Assets	(1,361,676.11)	837,292.54	1,428,995.33	418,380.22
Net Assets, beginning of year	<u>20,305,551.18</u>	<u>19,468,258.64</u>	<u>7,142,523.15</u>	<u>6,724,142.93</u>
Net Assets, end of year	<u>18,943,875.07</u>	<u>20,305,551.18</u>	<u>8,571,518.48</u>	<u>7,142,523.15</u>

**CITY OF BAKER, LOUISIANA  
MANAGEMENTS' DISCUSSION & ANALYSIS  
JUNE 30, 2012**

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**Governmental Funds Budgetary Highlights**

There were changes made to the original budget as needs arose that were not anticipated at the time that the original budget was prepared and adopted.

Revenues of the general fund came in at \$1,168,978 more than anticipated overall. Expenditures were \$439,289 less than budgeted.

Revenues of the street maintenance/construction fund were \$169,129 more than anticipated while expenditures were \$44,585 less than budgeted providing for an overall positive variance of \$213,714.

The schedules of comparisons between budgeted amounts and actual results for the City's two major governmental funds can be found later in this report following the notes to the financial statements.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Baker's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$13,541,450 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, streets and bridges, equipment vehicles, utility systems and furniture and fixtures.

Capital assets as of June 30, 2012, are detailed in the following table.

**CAPITAL ASSETS  
Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 873,722.10	\$ 873,722.10	\$ 373,572.16	\$ 373,572.16
Buildings	3,609,734.89	3,612,877.39	128,746.65	140,208.11
Improvements other than Buildings	56,933.65	66,539.15	.00	.00
Streets and bridges	3,354,615.52	3,112,887.42	6,389.65	8,055.60
Equipment	495,256.09	624,766.78	236,125.97	295,919.13
Vehicles	1,086,443.00	994,443.51	34,942.55	51,449.00
Furniture and fixtures	428,979.66	427,635.77	2,108.65	2,615.32
Utilities	.00	.00	5,889,706.80	5,671,788.51
<b>Total</b>	<u>9,905,684.91</u>	<u>9,712,872.12</u>	<u>6,671,592.43</u>	<u>6,546,607.83</u>

**CITY OF BAKER, LOUISIANA  
MANAGEMENTS' DISCUSSION & ANALYSIS  
JUNE 30, 2012**

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Major capital asset events during the current fiscal year included the following:

- Plans and specifications started on new police complex;
- Grants secured for the purchase of safety equipment for both police and fire;
- Acquisition of Mobile Burn Unit;
- New police units; and
- Continuation of the installation of automated water meters.

Additional information on the City of Baker's capital assets can be found in the notes to these financial statements.

**Long-term debt.** At the end of the current fiscal year, the City of Baker had total bonded debt outstanding of \$3,035,827 for governmental and business-type funds. These debts were incurred to construct a new fire complex and install automated water meters.

Additional information such as principal and interest payments remaining can be found in the notes of this report.

**Economic Conditions and Future Highlights**

Economic development efforts continue to capitalize on the services available to citizens as well as increase the tax base of the City. We will also maintain our same level of diligence in securing grants and other type contributions to enhance infrastructure and the use of technology within the City. Our capital improvements budget is prepared on a five year outlook and will continue to be reviewed and revised as needs arise.

Our website boasts of the fact that our City, "...can provide for almost every personal need..." and, "...is a family friendly city and is well known for its many attractive and well-planned neighborhoods. Residents enjoy easy access to a complete range of community services, including the Baton Rouge Metropolitan Zoo and dozens of churches serving all denominations." There are more than a dozen parks encompassing 1,000 acres of green space with well-equipped facilities for outdoor enjoyment.

Positive things are happening...

**CITY OF BAKER, LOUISIANA  
MANAGEMENTS' DISCUSSION & ANALYSIS  
JUNE 30, 2012**

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**Request for Information**

This financial report is designed to provide a general overview of the City of Baker's finances for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Aristead Clayton, Finance Director, City of Baker, P. O. Box 707, Baker, Louisiana 70704-0707, (225) 778-1751. The Mayor and staff would be happy to assist you.



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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,995,697.25	\$ 4,100,743.44	\$ 7,096,440.69
Investments	1,630,397.81	-	1,630,397.81
Inventory, at cost	50,256.71	374,918.34	425,175.05
Due from other funds	788,681.75	-	788,681.75
Due from other governmental agencies	121,440.78	-	121,440.78
Receivables, net	933,027.76	659,063.50	1,592,091.26
Prepaid expenses	38,089.65	-	38,089.65
Restricted assets:			
Cash and cash equivalents	3,048,056.10	560,453.50	3,608,509.60
Investments	2,032,632.17	453,616.18	2,486,248.35
Capital assets, net	9,905,684.91	6,671,592.43	16,577,277.34
Total Assets	21,543,964.89	12,820,387.39	34,364,352.28
<b><u>LIABILITIES</u></b>			
Accounts payable	194,466.45	142,253.87	336,720.32
Other payables	117,371.73	-	117,371.73
Due to other funds	788,681.75	-	788,681.75
Due to other governmental agencies	84,523.25	-	84,523.25
Deferred revenue	27,761.68	-	27,761.68
Bonds/notes payable	-	227,750.00	227,750.00
Merchandise payable	-	530,690.32	530,690.32
Compensated absences	639,004.68	63,950.12	702,954.80
Other post-employment benefits	431,536.00	-	431,536.00
Long-term portion of debt	316,744.28	2,491,333.18	2,808,077.46
Customer deposits	-	792,891.42	792,891.42
Total Liabilities	2,600,089.82	4,248,868.91	6,848,958.73

Continued

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF NET ASSETS (Continued)**  
**JUNE 30, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 9,588,940.63	\$ 3,952,509.25	\$ 13,541,449.88
Restricted for:			
Capital improvements	-	750,000.00	750,000.00
Customer deposits	-	792,891.42	792,891.42
Debt service	-	1,000,000.00	1,000,000.00
Fire/police salaries	(291,666.90)	-	(291,666.90)
Pre-need items	-	221,178.26	221,178.26
Street maintenance/construction	7,138,133.75	-	7,138,133.75
Unrestricted	2,508,467.59	1,854,939.55	4,363,407.14
	<hr/>	<hr/>	<hr/>
Total Net Assets	18,943,875.07	8,571,518.48	27,515,393.55
	<hr/>	<hr/>	<hr/>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General government	\$ 2,918,843.81	\$ 1,617,185.35	\$ 318,790.84	\$ -	\$ (982,867.62)	\$ -	\$ (982,867.62)
Culture and recreation	67,921.33	-	-	-	(67,921.33)	-	(67,921.33)
Intergovernmental	205,950.38	205,950.38	-	-	-	-	-
Public safety	5,862,806.24	1,320,024.83	4,761.82	327,750.00	(4,210,269.59)	-	(4,210,269.59)
Public works	3,012,050.48	-	-	-	(3,012,050.48)	-	(3,012,050.48)
Interest on long-term debt	9,750.66	-	-	-	(9,750.66)	-	(9,750.66)
<b>Total Governmental Activities</b>	<b>12,077,322.90</b>	<b>3,143,160.56</b>	<b>323,552.66</b>	<b>327,750.00</b>	<b>(8,282,859.68)</b>	<b>-</b>	<b>(8,282,859.68)</b>
<b>Business-Type Activities</b>							
Utility	3,292,359.16	4,607,376.06	-	110,106.46	-	1,425,123.36	1,425,123.36
Cemetery	142,863.44	167,158.70	-	-	-	24,295.26	24,295.26
City Parish sewer revenue	67,731.22	70,388.21	-	-	-	2,656.99	2,656.99
<b>Total Business-Type Activities</b>	<b>3,502,953.82</b>	<b>4,844,922.97</b>	<b>-</b>	<b>110,106.46</b>	<b>-</b>	<b>1,452,075.61</b>	<b>1,452,075.61</b>
<b>Total Primary Government</b>	<b>15,580,276.72</b>	<b>7,988,083.53</b>	<b>323,552.66</b>	<b>437,856.46</b>	<b>(8,282,859.68)</b>	<b>1,452,075.61</b>	<b>(6,830,784.07)</b>
<b>General Revenues and Transfers</b>							
Taxes:							
Sales					4,716,069.85	-	4,716,069.85
Franchise					700,129.64	-	700,129.64
Property					361,637.85	-	361,637.85
Other					278,118.41	-	278,118.41

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF ACTIVITIES (Continued)**  
**YEAR ENDED JUNE 30, 2012**

		Net Revenues (Expenses)		
		Governmental Activities	Business-Type Activities	Total
Licenses and permits	\$	378,419.50	\$ -	\$ 378,419.50
City court receipts		315,915.66	-	315,915.66
Interest earnings, net of expense		47,604.29	(28,124.37)	19,479.92
Other revenues		123,288.37	5,044.09	128,332.46
Total General Revenues and Transfers		6,921,183.57	(23,080.28)	6,898,103.29
Change in Net Assets		(1,361,676.11)	1,428,995.33	67,319.22
Net Assets, beginning		20,305,551.18	7,142,523.15	27,448,074.33
Net Assets, ending		18,943,875.07	8,571,518.48	27,515,393.55

See Accompanying Notes and Independent Auditors' Report

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## **FUND FINANCIAL STATEMENTS**

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**CITY OF BAKER, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 2,019,337.23	\$ -	\$ 976,360.02	\$ 2,995,697.25
Investments	1,630,397.81	-	-	1,630,397.81
Inventory, at cost	50,256.71	-	-	50,256.71
Due from other funds	589,960.15	-	198,721.60	788,681.75
Due from other governmental agencies	-	55,121.37	66,319.41	121,440.78
Receivables, net:				
Accounts	293,262.21	-	-	293,262.21
Taxes	639,765.55	-	-	639,765.55
Prepaid expenses	38,089.65	-	-	38,089.65
Restricted assets:				
Cash and cash equivalents	154,400.63	2,893,655.47	-	3,048,056.10
Investments	-	2,000,000.00	32,632.17	2,032,632.17
<b>TOTAL ASSETS</b>	<b>5,415,469.94</b>	<b>4,948,776.84</b>	<b>1,274,033.20</b>	<b>11,638,279.98</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>				
Accounts payable	179,210.86	-	15,255.59	194,466.45
Other payables	42,371.73	-	-	42,371.73
Due to other funds	198,721.60	-	589,960.15	788,681.75
Due to other governmental agencies	-	-	84,523.25	84,523.25
Deferred revenue	27,761.68	-	-	27,761.68
<b>Total Liabilities</b>	<b>448,065.87</b>	<b>-</b>	<b>689,738.99</b>	<b>1,137,804.86</b>

Continued

**CITY OF BAKER, LOUISIANA**  
**BALANCE SHEET (Continued)**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>				
Restricted	\$ 9,243.03	\$ 4,948,776.84	\$ (291,666.90)	\$ 4,666,352.97
Committed	841,694.12	-	875,961.11	1,717,655.23
Assigned	56,047.76	-	-	56,047.76
Unassigned	4,060,419.16	-	-	4,060,419.16
<b>Total Fund Balances</b>	<b>4,967,404.07</b>	<b>4,948,776.84</b>	<b>584,294.21</b>	<b>10,500,475.12</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>5,415,469.94</b>	<b>4,948,776.84</b>	<b>1,274,033.20</b>	<b>11,638,279.98</b>

See Accompanying Notes and Independent Auditors' Report



**CITY OF BAKER, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

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Total Fund Balances - Total Governmental Funds	\$ 10,500,475.12
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Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the capital assets, net of accumulated depreciation, reported on the Statement of Net Assets.	9,905,684.91
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the long-term liabilities reported on the Statement of Net Assets:

Compensated absences payable	(639,004.68)
Other post-employment benefits	(431,536.00)
Bonds payable	(316,744.28)
Claims and judgements	<u>(75,000.00)</u>

Total Net Assets - Governmental Activities	<u><u>18,943,875.07</u></u>
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See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>				
Intergovernmental revenues	\$ 22,100.00	\$ -	\$ 183,850.38	\$ 205,950.38
Taxes:				
Sales	3,259,384.13	648,890.62	807,795.10	4,716,069.85
Franchise	700,129.64	-	-	700,129.64
Property	361,637.85	-	-	361,637.85
Occupancy	37,136.49	-	-	37,136.49
Industrial	68,606.00	-	-	68,606.00
Video bingo	92,285.00	-	-	92,285.00
Firemen's	57,083.00	-	-	57,083.00
Chain store	11,559.11	-	-	11,559.11
Beer	11,448.81	-	-	11,448.81
Licenses and permits	378,419.50	-	-	378,419.50
Charges for services	2,574,010.03	-	363,200.15	2,937,210.18
City court/prosecutor fees	315,915.66	-	-	315,915.66
Interest earned	40,165.86	7,438.43	-	47,604.29
Grant proceeds and other contributions	646,540.84	-	4,761.82	651,302.66
Other revenues	122,731.49	-	556.88	123,288.37
<b>Total Revenues</b>	<b>8,699,153.41</b>	<b>656,329.05</b>	<b>1,360,164.33</b>	<b>10,715,646.79</b>
<b><u>EXPENDITURES</u></b>				
General government	2,686,349.35	-	197,919.20	2,884,268.55
Public safety	3,499,211.64	-	1,663,072.47	5,162,284.11
Public works	1,909,670.28	955,440.79	-	2,865,111.07
Capital outlay	571,955.11	329,974.60	15,255.59	917,185.30
<b>Total Expenditures</b>	<b>8,667,186.38</b>	<b>1,285,415.39</b>	<b>1,876,247.26</b>	<b>11,828,849.03</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>31,967.03</b>	<b>(629,086.34)</b>	<b>(516,082.93)</b>	<b>(1,113,202.24)</b>

Continued

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Street Maintenance/ Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Principal paid on long-term debt	\$ (179,000.00)	\$ -	\$ -	\$ (179,000.00)
Interest paid on long-term debt	(9,750.66)	-	-	(9,750.66)
Transfers, net	(81,758.26)	-	81,758.26	-
<b>Total Other Financing Sources (Uses)</b>	<b>(270,508.92)</b>	<b>-</b>	<b>81,758.26</b>	<b>(188,750.66)</b>
<b>Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	<b>(238,541.89)</b>	<b>(629,086.34)</b>	<b>(434,324.67)</b>	<b>(1,301,952.90)</b>
<b>Fund Balances, beginning</b>	<b>5,205,945.96</b>	<b>5,577,863.18</b>	<b>1,018,618.88</b>	<b>11,802,428.02</b>
<b>Fund Balances, ending</b>	<b>4,967,404.07</b>	<b>4,948,776.84</b>	<b>584,294.21</b>	<b>10,500,475.12</b>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

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Change in Fund Balances - Total Governmental Funds	\$ (1,301,952.90)
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	192,812.79
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Governmental funds recognize changes in long-term obligations as a use of current financial resources. However, in the government-wide statements, such payments are considered a decrease in long-term debt and do not impact the statement of activities. These are the changes in long-term debt during the current year:

Other post-employment benefits	(431,536.00)
Principal paid on long-term debt	<u>179,000.00</u>

Change in Net Assets - Governmental Activities	<u><u>(1,361,676.11)</u></u>
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See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	Business-Type Activities			
	Enterprise Funds			
	Utility	Cemetery	City Parish Sewer Revenue	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,660,832.41	\$ 232,364.49	\$ 207,546.54	\$ 4,100,743.44
Inventory	35,952.19	338,966.15	-	374,918.34
Accounts receivable, net	640,848.63	18,214.87	-	659,063.50
<b>Total Current Assets</b>	<b>4,337,633.23</b>	<b>589,545.51</b>	<b>207,546.54</b>	<b>5,134,725.28</b>
<b>Restricted Assets:</b>				
Cash and cash equivalents	560,453.50	-	-	560,453.50
Investments	232,437.92	221,178.26	-	453,616.18
<b>Total Restricted Assets</b>	<b>792,891.42</b>	<b>221,178.26</b>	<b>-</b>	<b>1,014,069.68</b>
<b>Other Assets:</b>				
<b>Capital Assets:</b>				
Land	243,572.16	130,000.00	-	373,572.16
Buildings	102,428.68	170,881.46	-	273,310.14
Equipment	1,639,338.13	98,927.33	4,075.49	1,742,340.95
Vehicles	451,408.01	33,409.24	-	484,817.25
Furniture	103,823.45	2,772.00	-	106,595.45
Utility systems	11,423,038.04	-	-	11,423,038.04
Streets	-	50,000.00	-	50,000.00
Accumulated depreciation	(7,496,630.33)	(281,375.74)	(4,075.49)	(7,782,081.56)
<b>Total Other Assets</b>	<b>6,466,978.14</b>	<b>204,614.29</b>	<b>-</b>	<b>6,671,592.43</b>
<b>Total Assets</b>	<b>11,597,502.79</b>	<b>1,015,338.06</b>	<b>207,546.54</b>	<b>12,820,387.39</b>

Continued

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF NET ASSETS (Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	Business-Type Activities			
	Enterprise Funds			
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Payable from current assets:				
Accounts payable	\$ 40,403.09	\$ 8,444.64	\$ 93,406.14	\$ 142,253.87
Notes payable	227,750.00	-	-	227,750.00
Total Current Liabilities, Payable from Current Assets	268,153.09	8,444.64	93,406.14	370,003.87
Payable from restricted assets:				
Merchandise payable	-	53,069.03	-	53,069.03
Customer deposits	792,891.42	-	-	792,891.42
Total Current Liabilities, Payable from Restricted Assets	792,891.42	53,069.03	-	845,960.45
Total Current Liabilities	1,061,044.51	61,513.67	93,406.14	1,215,964.32
Long-Term Liabilities:				
Compensated absences	53,387.36	2,523.76	8,039.00	63,950.12
Merchandise payable	-	309,512.06	-	309,512.06
Notes payable	2,491,333.18	-	-	2,491,333.18
Payable from restricted assets:				
Merchandise payable	-	168,109.23	-	168,109.23
Total Long-Term Liabilities	2,544,720.54	480,145.05	8,039.00	3,032,904.59
Total Liabilities	3,605,765.05	541,658.72	101,445.14	4,248,868.91

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF NET ASSETS (Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	\$ 3,747,894.96	\$ 204,614.29	\$ -	\$ 3,952,509.25
Restricted for:				
Customer deposits	792,891.42	-	-	792,891.42
Capital improvements	750,000.00	-	-	750,000.00
Debt service	1,000,000.00	-	-	1,000,000.00
Pre-need items	-	221,178.26	-	221,178.26
Unrestricted	1,700,951.36	47,886.79	106,101.40	1,854,939.55
<b>Total Net Assets</b>	<b>7,991,737.74</b>	<b>473,679.34</b>	<b>106,101.40</b>	<b>8,571,518.48</b>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds			
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 3,627,329.57	\$ -	\$ 70,388.21	\$ 3,697,717.78
Sales, net of cost of goods sold	-	167,158.70	-	167,158.70
Sewer fees	960,075.31	-	-	960,075.31
Other operating revenues	19,971.18	-	-	19,971.18
Total Operating Revenues	4,607,376.06	167,158.70	70,388.21	4,844,922.97
<u>OPERATING EXPENSES</u>				
Administrative	184,449.97	11,326.57	1,000.00	196,776.54
Depreciation	364,242.76	13,573.43	-	377,816.19
Employee and related expenses	1,027,635.14	96,984.94	52,658.41	1,177,278.49
Occupancy	448,845.79	11,824.21	-	460,670.00
Personal services	1,267,185.50	9,154.29	14,072.81	1,290,412.60
Total Operating Expenses	3,292,359.16	142,863.44	67,731.22	3,502,953.82
Operating Income	1,315,016.90	24,295.26	2,656.99	1,341,969.15

Continued



**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS (Continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Business-Type Activities			
	Enterprise Funds			
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Interest earned	\$ 356.67	\$ 27,245.20	\$ -	\$ 27,601.87
Lease income	-	4,063.00	-	4,063.00
Grant proceeds/contributions	110,106.46	-	-	110,106.46
Other revenues	-	981.09	-	981.09
Interest expense	(55,726.24)	-	-	(55,726.24)
	<hr/>			
Total Non-Operating Revenues (Expenses)	54,736.89	32,289.29	-	87,026.18
	<hr/>			
Net Income	1,369,753.79	56,584.55	2,656.99	1,428,995.33
Net Assets, beginning	6,621,983.95	417,094.79	103,444.41	7,142,523.15
	<hr/>			
Net Assets, ending	7,991,737.74	473,679.34	106,101.40	8,571,518.48
	<hr/>			

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 4,520,742.05	\$ 235,657.40	\$ 70,388.21	\$ 4,826,787.66
Cash paid to suppliers for goods/services	(1,897,506.98)	(91,376.08)	78,333.33	(1,910,549.73)
Cash paid to employees for services	(1,289,865.82)	(96,736.27)	(51,440.67)	(1,438,042.76)
Net Cash Provided by Operating Activities	1,333,369.25	47,545.05	97,280.87	1,478,195.17
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds of bond issuance and other contributions	500,439.64	-	-	500,439.64
Principal paid on bonds	(99,000.00)	-	-	(99,000.00)
Interest paid on bonds	(55,726.24)	-	-	(55,726.24)
Acquisition of capital assets	(502,800.79)	-	-	(502,800.79)
Net Cash Used for Capital and Related Activities	(157,087.39)	-	-	(157,087.39)

Continued

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds			
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	<u>Total</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received from investments	\$ 484.79	\$ 27,245.20	\$ -	\$ 27,729.99
Income received from leases	-	4,063.00	-	4,063.00
Purchase/maturities of securities	500,000.00	(25,575.92)	-	474,424.08
Net Cash Provided by Investing Activities	500,484.79	5,732.28	-	506,217.07
Net Increase in Cash and Cash Equivalents	1,676,766.65	53,277.33	97,280.87	1,827,324.85
Cash and Cash Equivalents, beginning of year	2,544,519.26	179,087.16	110,265.67	2,833,872.09
Cash and Cash Equivalents, end of year	4,221,285.91	232,364.49	207,546.54	4,661,196.94

Continued

**CITY OF BAKER, LOUISIANA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Utility</u>	<u>Cemetery</u>	<u>City Parish Sewer Revenue</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,315,016.90	\$ 24,295.26	\$ 2,656.99	\$ 1,341,969.15
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	364,242.76	13,573.43	-	377,816.19
(Increase) decrease in assets:				
Inventory	(13,256.63)	7,871.91	-	(5,384.72)
Accounts receivable	(100,939.00)	(5,463.04)	-	(106,402.04)
Prepaid expenses	1,500.00	-	-	1,500.00
Increase (decrease) in liabilities:				
Accounts payable	14,730.91	8,432.82	93,406.14	116,569.87
Payroll and related payable	(9,893.77)	-	-	(9,893.77)
Merchandise payable	-	(1,414.00)	-	(1,414.00)
Customer deposits	14,304.99	-	-	14,304.99
Compensated absences	(252,336.91)	248.67	1,217.74	(250,870.50)
Net Cash Provided by Operating Activities	1,333,369.25	47,545.05	97,280.87	1,478,195.17

See Accompanying Notes and Independent Auditors' Report

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## **NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF BAKER, LOUISIANA**  
**INDEX TO NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
	Introduction.....	34
1	Summary of Significant Accounting Policies.....	34
2	Cash and Cash Equivalents.....	41
3	Investments .....	42
4	Receivables .....	43
5	Capital Assets.....	43
6	Retirement Systems.....	45
7	Accounts and Other Payables .....	48
8	Compensated Absences.....	48
9	Other Post-Employment Benefits .....	49
10	Long-Term Debt .....	50
11	Deferred Revenue .....	51
12	Inter-fund Receivables and Payables.....	51
13	Intergovernmental Receivables and Payables.....	51
14	Leases.....	52
15	Property Taxes .....	52
16	Deficit Fund Balances.....	52
17	Related Party Transactions.....	52
18	Litigation.....	52
19	Subsequent Events .....	53

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**INTRODUCTION**

The City of Baker, Louisiana (hereafter referred to as the City) was originally governed by the provisions of the Lawrason Act, La. Revised Statute 33:321-481. The electorate adopted a Home Rule Charter on May 16, 1970, that would become effective on July 1, 1972. The Charter provided for a mayor-council form of government. The Council is elected to member districts. There are five council members, and they are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants.

The City is situated in the northwest part of the Parish of East Baton Rouge. It is approximately 8.5 square miles in size with a population of approximately 13,835 residents. Within the boundaries are approximately 225 miles of roads maintained by the City.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the City of Baker, La. conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of La. Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** This report includes all funds that are controlled by or dependent on the City's executive or legislative branches (Mayor and/or City Council). Control by or dependence on the City was determined on the basis of oversight responsibility, including accountability for fiscal and budgetary matters, designation of management or governing authority and authority to issue debt.

Based upon the above, it has been determined that there are no governmental organizations which should be included in the accompanying financial statements.

**Government-wide Accounting:** In accordance with Government Accounting Standards Boards Statement No. 34, the City has presented a Statement of Net Assets and Statement of Activities for the City as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

Government-wide statements distinguish between governmental and business-type activities.

Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity*

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

*Capitalizing Assets*

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost or estimated cost where historical cost is unavailable and are depreciated using the straight-line or modified accelerated recovery cost system methods of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

Using the requirements of GASB Statement No. 34, the City is considered a Phase 3 government as its total annual revenues is less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively. The City opted not to retroactively report these types of capital assets when this statement was implemented.

*Program Revenues*

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the City. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

*Indirect Expenses*

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the City has chosen not to do so.



**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

*Operating Revenues*

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the City's operation of the utility department, cemetery and City-Parish sewer billing are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

*Restricted Net Assets*

Restricted net assets are those for which a constraint has been imposed either externally or by law. The City recognized the use of reserved resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

**Fund Accounting:** The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds:** Governmental funds account for all or most of the City's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in other funds; and
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Proprietary Funds:** Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Basis of Accounting/Measurement Focus:** The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

**Budgets and Budgetary Accounting:** A pay plan, operating and capital budget and a capital plan are submitted by the Mayor to the Council for consideration each year. The following procedures were used in establishing the budgetary data reflected in these financial statements:

1. A letter of request is sent on or about April 1<sup>st</sup> to each department head requesting submission of operating budget requirements to the Mayor by May 1<sup>st</sup>. Capital budget and program requests along with substantiation in detail of need and cost are submitted by April 15<sup>th</sup>. Adding an estimate of revenues available for capital purposes for the next 5 years, the Mayor forwards the capital budget and program requests to the Planning Commission.
2. The Planning Commission submits its recommendations for the capital budget to the Mayor by May 1<sup>st</sup> including a listing by priorities of requested projects not included by reason of financing and a list of projects disapproved, together with the reasons therefore;
3. The Mayor consolidates all departmental requests and any recommended changes for presentation to the Council by May 15<sup>th</sup> of the operating budget and capital budget;
4. Following such public hearings as the Council deems necessary, the budgets are adopted no later than June 15<sup>th</sup>.

These budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts shown are as originally adopted and as amended by the City Council. Budget amendments are passed by the City Council on an as needed basis. A balanced budget is required.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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If an appropriations ordinance is not passed consistent with the budget, 50% of the prior year appropriation is deemed re-appropriated. Appropriations lapse at year-end. Amendments were made to the budget during the fiscal year. Control is at the departmental level where expenditures may not legally exceed appropriations.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits, interest bearing demand deposits, money market accounts and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under State law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, the City considers all investments with maturities of less than 90 days to be cash and cash equivalents.

**Investments:** Investments are limited by La. Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The City entered into an Investment Management Agreement with Hancock Trust Division (now Whitney Bank) on June 9, 1999, with an initial investment of \$4,000,000. Of this amount, at least \$300,000 is to be maintained in a money market account at all times. The goals of the City are (1) safety of principal, (2) liquidity and (3) yield.

**Inventory:** Inventory is stated at cost and is maintained through utilization of a perpetual system. The cost is recorded as an expenditure at the time of purchase in both governmental and proprietary funds. A physical count is made at the end of each year. The reported inventory value at year-end is offset by a fund balance reserve that indicates it does not constitute available, spendable resources.

**Receivables:** Receivables are recorded net of any allowance for uncollectible amounts in both governmental and business-type activities. Revenues become susceptible to accrual when they become both measurable and available.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Prepaid Items:** Prepaid items reported in these financial statements include premiums on insurance policies for which the expiration of the policy period extends beyond June 30<sup>th</sup>. They are computed on a pro-rata basis considering the effective dates of the policy.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Restricted Assets:** Certain proceeds are classified as restricted assets on the statement of net assets because their use is limited. Components of these assets for business-type activities are as follows:

	<u>Customer Deposits</u>	<u>Capital and Merchandise</u>	<u>Total</u>
Cash and equivalents	\$ 560,453.50	\$ .00	\$ 560,453.50
Money market/securities	.00	221,178.26	221,178.26
Certificates of deposit	232,437.92	.00	232,437.92
<b>Total</b>	<u>792,891.42</u>	<u>221,178.26</u>	<u>1,014,069.68</u>

Effective August 31, 1995, the Louisiana Cemetery Commission mandated that funds for pre-need sales be restricted in the amount of one-half of cost or one-half of sales price, whichever is greater. These funds are held in a trust account at Whitney Bank.

Components of restricted assets for governmental activities are as follows:

	<u>Grants</u>	<u>Street Maint./ Construction</u>	<u>Fire/Police Salaries &amp; Equip.</u>	<u>Total</u>
Cash	\$ 154,400.63	\$ 2,893,655.47	\$ 32,632.17	\$ 3,898,729.36
Money mkt/securities	.00	2,000,000.00	.00	2,000,000.00
<b>Total</b>	<u>154,400.63</u>	<u>4,893,655.47</u>	<u>32,632.17</u>	<u>5,898,729.36</u>

**Capital Assets:** The City's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation.

Depreciation is recorded using the straight-line method or the modified accelerated recovery cost system over the estimated useful lives of the assets as follows:

Buildings	10-40 years	Vehicles	3-20 years
Equipment	4-10 years	Infrastructure	40-50 years
Office furniture	5-10 years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, which requires the inclusion of infrastructure assets, used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception existed for local governments with annual revenues of less than \$10 million. As a result of this exception, the City elected to not report its governmental infrastructure retroactively. From that point forward, the City has been using the basic approach to infrastructure reporting for its governmental activities when applicable.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Compensated Absences:** The City allows annual leave to regular full-time employees based on length of service. No leave is earned, however, while on suspension or leave without pay status. Annual leave may be carried over to the next calendar year at a maximum of one year's earned annual leave. Employees are not paid for their unused annual leave at year-end, but are paid for accumulated, unused leave upon termination.

Sick leave is earned by regular employees at the rate of one day per month, and it may be accumulated up to 360 working days. Employees may be paid for unused sick leave upon separation, provided that he/she is in good standing and a two-week notice is given.

Exceptions apply to police and fire department personnel. They are allowed to accumulate all vacation leave earned and have unlimited sick leave up to one year. Upon separation, they are paid for accumulated sick leave that had accumulated prior to June 30, 1994.

At June 30, 2012, employees of the City had accumulated and vested \$702,954.80 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Long-Term Obligations:** In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**Net Assets/Fund Balances:** In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and is reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net assets that are reserved by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

*Non-spendable*

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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*Restricted*

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

*Committed*

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in these decisions can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

*Assigned*

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

*Unassigned*

This category represents that portion of equity that is available for any purpose.

**Interfund Transactions:** All interfund transactions except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

**Total Columns on Combined Statements:** Total columns, when used on combined statements, are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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The cash and cash equivalents on hand at June 30, 2012, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Petty cash	\$ 1,767.00	\$ 700.00
Demand deposits	4,197,043.67	4,160,164.92
Interest-bearing demand deposits	153,609.41	332.02
Time deposits	1,691,333.27	500,000.00
 Total	 <u>6,043,753.35</u>	 <u>4,661,196.94</u>

Of these amounts, \$3,048,056.10 and \$560,453.50 is restricted for governmental and business-type activities, respectively. The restrictions are described above. The City does not have any cash and cash equivalents exposed to custodial credit risk.

**NOTE 3 - INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

All investments of the City fall within category 1. The balances at June 30, 2012, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	\$ 360,567.92	\$ 360,567.92	\$ 360,567.92
Government agencies	3,756,078.24	3,664,684.62	3,756,078.24
 Total	 <u>4,116,646.16</u>	 <u>4,025,252.54</u>	 <u>4,116,646.16</u>

Investments are maintained through the Whitney Bank Trust Division. They include those that are allowed by state statute for governmental agencies.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 4 - RECEIVABLES**

The net receivables, with the exception of interfund and intergovernmental transactions, as of June 30, 2012, are as follows:

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 293,262.21	\$ 659,063.50	\$ 952,325.71
Taxes	639,765.55	.00	639,765.55
 Total	 <u>933,027.76</u>	 <u>659,063.50</u>	 <u>1,592,091.26</u>

Utility meters are read between the 1st and 15th of each month and bills are computed and mailed in three cycles by the 25th of each month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Utility Fund. It is reflected in the above amounts at June 30, 2012 and 2011, as \$166,092 and \$162,198.50, respectively. An allowance for bad debts is determined by a percentage based on prior years' experience. At June 30, 2012 and 2011, the allowance was calculated as \$25,386.61 and \$16,479.81 in the Utility Fund. There is no allowance recognized in the Cemetery Fund.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 873,722.10	\$ .00	\$ .00	\$ 873,722.10
Capital Assets, being depreciated				
Buildings	5,710,064.73	45,745.45	.00	5,755,810.18
Less: accumulated depreciation	<u>2,097,187.34</u>	<u>48,887.95*</u>	<u>.00</u>	<u>2,146,075.29</u>
Net Buildings	3,612,877.39	(3,142.50)	.00	3,609,734.89
Improvements other than buildings	2,724,037.77	.00	.00	2,724,037.77
Less: accumulated depreciation	<u>2,657,498.62</u>	<u>9,605.50*</u>	<u>.00</u>	<u>2,667,104.12</u>
Net Improvements other Than Buildings	66,539.15	(9,605.50)	.00	56,933.65



**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Streets and bridges	\$ 3,919,535.09	\$ 329,974.60	\$ .00	\$ 4,249,509.69
Less: accumulated depreciation	<u>806,647.67</u>	<u>88,246.50*</u>	<u>.00</u>	<u>894,894.17</u>
Net Streets and Bridges	3,112,887.42	241,728.10	.00	3,354,615.52
Equipment	2,340,806.09	.00	.00	2,340,806.09
Less: accumulated depreciation	<u>1,716,039.31</u>	<u>129,510.69*</u>	<u>.00</u>	<u>1,845,550.00</u>
Net Equipment	624,766.78	(129,510.69)	.00	495,256.09
Vehicles	3,260,085.82	500,789.69	.00	3,760,875.51
Less: accumulated depreciation	<u>2,265,642.31</u>	<u>408,790.20*</u>	<u>.00</u>	<u>2,674,432.51</u>
Net Vehicles	994,443.51	91,999.49	.00	1,086,443.00
Furniture and fixtures	633,751.15	40,675.56	.00	674,426.71
Less: accumulated depreciation	<u>206,115.38</u>	<u>39,331.67*</u>	<u>.00</u>	<u>245,447.05</u>
Net Furniture and Fixtures	<u>427,635.77</u>	<u>1,343.89</u>	<u>.00</u>	<u>428,979.66</u>
Capital Assets, being depreciated, net	<u>8,839,150.02</u>	<u>192,812.79</u>	<u>.00</u>	<u>9,031,962.81</u>
Capital Assets, net	<u>9,712,872.12</u>	<u>192,812.79</u>	<u>.00</u>	<u>9,905,684.91</u>
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 373,572.16	\$ .00	\$ .00	\$ 373,572.16
Capital Assets, being depreciated				
Buildings	272,921.31	.00	.00	272,921.31
Less: accumulated depreciation	<u>132,713.20</u>	<u>11,461.46</u>	<u>.00</u>	<u>144,174.66</u>
Net Buildings	140,208.11	(11,461.46)	.00	128,746.65
Equipment	1,762,843.00	.00	20,502.05	1,742,340.95
Less: accumulated depreciation	<u>1,463,923.87</u>	<u>62,793.16</u>	<u>20,502.05</u>	<u>1,506,214.98</u>
Net Equipment	295,919.13	(62,793.16)	.00	236,125.97
Vehicles	505,090.04	.00	20,272.80	484,817.24
Less: accumulated depreciation	<u>453,641.04</u>	<u>16,506.45</u>	<u>20,272.80</u>	<u>449,874.69</u>
Net Vehicles	51,449.00	(16,506.45)	.00	34,942.55

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture and fixtures	\$ 106,595.45	\$ .00	\$ .00	\$ 106,595.45
Less: accumulated depreciation	<u>103,980.13</u>	<u>505.95</u>	<u>.00</u>	<u>104,486.08</u>
Net Furniture and Fixtures	2,615.32	(505.95)	.00	2,108.65
Utility systems	10,920,626.09	502,800.79	.00	11,423,426.88
Less: accumulated depreciation	<u>5,248,837.58</u>	<u>284,882.50</u>	<u>.00</u>	<u>5,533,720.08</u>
Net Utility Systems	5,671,788.51	217,918.29	.00	5,889,706.80
Streets	50,000.00	.00	.00	50,000.00
Less: accumulated depreciation	<u>41,943.68</u>	<u>1,666.67</u>	<u>.00</u>	<u>43,610.35</u>
Net Streets	8,055.60	(1,666.67)	.00	6,389.65
Capital Assets, being depreciated, net	<u>6,173,035.67</u>	<u>124,984.60</u>	<u>.00</u>	<u>6,298,020.27</u>
Capital Assets, net	<u>6,546,607.83</u>	<u>124,984.60</u>	<u>.00</u>	<u>6,671,592.43</u>

\*Depreciation expense was charged to governmental functions as follows:

General government	\$ 66,786.81
Public safety	553,799.89
Public works	<u>103,785.81</u>
Total	<u>724,372.51</u>

**NOTE 6 – RETIREMENT SYSTEM**

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana or Firefighters' Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 13.78% of annual covered payroll, up from 10.25% in the prior year. The contribution requirements of plan members and the City were established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2012, 2011 and 2010 were 320,695, \$298,367 and \$252,725, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (MPERS)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in MPERS, a cost sharing multiple-employer defined benefit pension plan. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. MPERS also provides death and disability benefits. Benefits are established or amended by state statute.

The MPERS Board of Trustees issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7772 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The current rate is 36.5% of annual covered payroll, up from 25% in the prior year. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2012, 2011 and 2010, were \$384,761, \$362,418 and \$308,902, respectively, equal to the statutorily required contribution for each year.

**C. Firefighters' Retirement System of Louisiana (System)**

*Plan Description.* Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the East Baton Rouge Parish Fire Protection District is required to contribute at an actuarially determined rate. The current rate is 23.25% of annual covered payroll. The contribution requirement of plan members and the East Baton Rouge Parish Fire Protection District are established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2012, 2011 and 2010, were \$231,871, \$226,517 and \$140,654, respectively, equal to the statutorily required contribution for each year.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 7 - ACCOUNTS AND OTHER PAYABLES**

The payables, with the exception of interfund and intergovernmental transactions, at June 30, 2012, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Accounts	\$ 179,210.86	\$ 15,255.59	\$ 142,253.87	\$ 336,720.32
Compensated absences	639,004.68	.00	63,950.12	702,954.80
Post-employment benefits	431,536.00	.00	.00	431,536.00
Bonds/notes	316,744.28	.00	2,719,083.18	3,035,827.46
Merchandise	.00	.00	530,690.32	530,690.32
Customer deposits	.00	.00	792,891.42	792,891.42
Other	117,371.73	.00	.00	117,371.73
 Total	 <u>1,683,867.55</u>	 <u>15,255.59</u>	 <u>4,248,868.91</u>	 <u>5,947,992.05</u>

During the fiscal year ended June 30, 1986, the Hillcrest Memorial Gardens and Mausoleum filed for protection under the state bankruptcy law. It was determined by City officials that the City should take over the cemetery. In accordance with this decision, the City agreed to assume all financial and administrative obligations. In addition, the Cemetery currently sells pre-need items.

It has been determined that as of June 30, 2012, the City had obligations for prepaid items, listed as merchandise above, as follows:

Interments	\$ 217,316.62
Memorial markers	120,683.85
Vaults	<u>192,689.85</u>
 Total	 <u>530,690.32</u>

**NOTE 8- COMPENSATED ABSENCES**

Computed in accordance with GASB Codification Section C60, employees of the City had accumulated and vested \$702,954.80 of employee leave benefits at June 30, 2012. Governmental activities recorded \$639,004.68 of these benefits in the statement of net assets. This amount is not included in the fund financial statements for general and special revenue funds. Business-type activities recorded \$63,950.12 of compensated absences in the statement of net assets. This amount is also included in the fund financial statements for enterprise funds in accordance with the measurement focus utilized by proprietary funds.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

*Plan Description.* The City provides medical and dental insurance benefits to eligible retired employees upon retirement. Eligibility provisions of the current retirement system includes retirement at age 60 with 10 years of service or, if earlier, 25 years of service at any age.

*Funding Policy.* Upon retirement, the City contributes 70% of the insurance premiums for the retiree. During the year ended June 30, 2012, the City's portion of health care costs for the 51 participants (retired employees) totaled \$250,514.

*Annual OPEB Cost and Net OPEB Obligation.* For 2012, the City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the Plan.

Annual Required Contribution	\$ 682,050
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual OPEB Cost	682,050
Contributions Made	<u>(250,514)</u>
Increase in Net OPEB Obligation	431,536
 Net OPEB Obligation – beginning of year	 <u>0</u>
 Net OPEB Obligation – end of year	 <u><u>431,536</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the year ended June 30, 2012, is as follows:

<u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/12	\$ 682,050	34.70%	\$ 431,536

*Funding Status and Funding Progress.* As of June 30, 2012, the actuarial accrued liability for benefits was \$8,498,594, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,394,254 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 193.4%.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

*Methods and Assumptions.* The projection of future benefit payments for an on-going plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about turnover rates, retirement rates, mortality and the healthcare cost trend. Amounts determined regarding the funding status of the Plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented here, presents multi-year trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Valuation Date	Actuarial Value of Assets(a)	Actuarial Accrued Liab (AAL) Entry Age(b)	Unfunded AAL (UAAL)(b-a)	Funded Ratio(a/b)	Covered Payroll(c)	UAAL as a Percentage of Covered Payroll((b-a)/c)
6/30/12	\$ -0-	\$ 8,498,594	\$ 8,498,594	0.00%	\$ 4,394,254	193.4%

Projections of benefits for financial reporting purposes are based on the substantive Plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012, actuarial valuation, the actuarial cost method was used.

**NOTE 10 - LONG-TERM DEBT**

The following is a summary of long-term debt incurred as of June 30, 2012:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
<b>Governmental Activities:</b>				
Claims/judgments	\$ 75,000.00	\$ .00	\$ .00	\$ 75,000.00
Bonds payable	495,744.28	.00	179,000.00	316,744.28
Compensated absences	639,004.68	.00	.00	639,004.68
Post-employment benefits	.00	431,536.00	.00	431,536.00
<b>Total</b>	<b>1,209,748.96</b>	<b>431,536.00</b>	<b>179,000.00</b>	<b>1,462,284.96</b>
<b>Business-Type Activities:</b>				
Compensated absences	\$ 314,820.62	\$ .00	\$ 250,870.50	\$ 63,950.12
Bonds payable	2,317,643.54	500,439.64	99,000.00	2,719,083.18
Merchandise	468,251.81	62,438.51	.00	530,690.32
<b>Total</b>	<b>3,100,715.97</b>	<b>562,878.15</b>	<b>349,870.50</b>	<b>3,313,723.62</b>

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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Bonds are backed by the full faith and credit of the City. Therefore, they are a contingent liability of the General Fund. Repayment, which will be at an interest rate of 2.95%, has not started yet.

**NOTE 11 - DEFERRED REVENUE**

Deferred revenue of at June 30, 2012, is as follows:

	<u>Governmental Activities</u>
Civic Center fees	\$ <u>27,761.68</u>

The Civic Center requires a cash deposit in order to reserve a date for use of the facilities. Deposits paid for dates beyond June 30, 2012, created deferred revenue of \$27,761.68 at year-end.

**NOTE 12 – INTER-FUND RECEIVABLES AND PAYABLES**

Amounts due to/from other funds within the City at June 30, 2012, are as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 589,960.15	\$ 198,721.60
Special Revenue Funds:		
City Court Fund	.00	620.07
Fire/Police Special Tax Fund	<u>198,721.60</u>	<u>589,340.08</u>
Total	<u>788,681.75</u>	<u>788,681.75</u>

**NOTE 13 - INTERGOVERNMENTAL RECEIVABLES AND PAYABLES**

The following is a summary of amounts due to/from other governmental agencies at June 30, 2012:

	<u>Receivables</u>
Special Revenue Funds:	
Street Maintenance	\$ 55,121.37
Fire/Police Special Tax Fund	<u>66,319.41</u>
Total	<u>121,440.78</u>



**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 14 - LEASES**

No capital leases exist as of June 30, 2012. There is one operating lease for the Mayor's Administrative Assistant at an annual commitment of approximately \$6,391. It is being leased for a period of 3 years.

**NOTE 15 - PROPERTY TAXES**

Property taxes are due January 1<sup>st</sup> and delinquent after December 31<sup>st</sup>. Under La. Revised Statute 33:1435, taxes are assessed and collected by the East Baton Rouge Sheriff. The City's portion is remitted by the Sheriff on a monthly basis. Taxes of 5.43 mills were levied for the most recent year. The total assessed value of property in the City is approximately \$40,585,260.

The following are the principal taxpayers for the City:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Corrosion Materials	\$ 1,535,150	3.78%
Wal-Mart Stores	1,332,200	3.28%
Agway Systems	959,900	2.37%
Hancock Bank	782,550	1.93%
Graves Chevrolet-Realty Co.	767,500	1.89%
Albertson's	738,350	1.82%
Joseph Ltd. Baker, LLC	684,700	1.69%
Bellsouth Telecommunications	561,630	1.38%
Hibernia National Bank	558,950	1.37%
Camellia Trace Ltd, Partnership	461,000	1.13%

**NOTE 16 - DEFICIT FUND BALANCES**

The Fire/Police Special Tax Fund ended the current year with a deficit fund balance of \$324,299.07. Consideration of additional revenue sources and the ability of the General Fund to absorb a portion of the expenses paid through this fund has been given to the 2012-13 budget.

**NOTE 17 - RELATED PARTY TRANSACTIONS**

There were no related party transactions that would require disclosure in the accompanying financial statements.

**NOTE 18- LITIGATION**

There are approximately six pending lawsuits against the City with maximum exposure estimated at less than \$25,000 each. Risk Management, Inc., the City's liability and casualty carrier, is defending these claims. The City has a deductible of \$75,000 that constitutes the maximum exposure to the City.

**CITY OF BAKER, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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There are an additional four lawsuits currently pending. One civil matter is on appeal to the Louisiana Supreme Court and another has been remanded to the 19<sup>th</sup> Judicial District Court by the 1<sup>st</sup> Circuit Court of Appeals for which no dates have been set. A third appeal is still pending. The remaining matter is in the discovery stage.

The exposure to the City has not been determined, but it is not believed to be beyond that which is covered through its risk management policy.

**NOTE 19 - SUBSEQUENT EVENTS**

There were no events subsequent to June 30, 2012, through the issuance of this report that would require disclosure in this annual report or materially impact the amounts stated herein.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**CITY OF BAKER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<b>Intergovernmental:</b>				
Street maintenance (City Parish)	\$ 46,530.00	\$ 46,530.00	\$ 22,100.00	\$ (24,430.00)
Weed cutting (DOTD)	10,630.00	10,630.00	-	(10,630.00)
Total Intergovernmental	57,160.00	57,160.00	22,100.00	(35,060.00)
<b>Taxes:</b>				
Sales	3,095,000.00	3,095,000.00	3,259,384.13	164,384.13
Franchise	702,000.00	702,000.00	700,129.64	(1,870.36)
Property	370,000.00	370,000.00	361,637.85	(8,362.15)
Occupancy	45,000.00	35,000.00	37,136.49	2,136.49
Industrial	53,500.00	53,500.00	68,606.00	15,106.00
Video bingo	70,000.00	70,000.00	92,285.00	22,285.00
Firemen's	51,000.00	51,000.00	57,083.00	6,083.00
Chain store	12,000.00	12,000.00	11,559.11	(440.89)
Beer	12,000.00	12,000.00	11,448.81	(551.19)
Total Taxes	4,410,500.00	4,400,500.00	4,599,270.03	198,770.03
<b>Licenses and Permits:</b>				
Insurance licenses	185,000.00	185,000.00	183,787.47	(1,212.53)
Business licenses	180,000.00	180,000.00	173,163.03	(6,836.97)
Building permits	5,000.00	5,000.00	5,894.00	894.00
Plumbing licenses	7,000.00	7,000.00	4,400.00	(2,600.00)
Plumbing permits	3,000.00	3,000.00	1,870.00	(1,130.00)
Electrical permits	2,500.00	2,500.00	2,350.00	(150.00)
Electrical licenses	5,000.00	5,000.00	1,425.00	(3,575.00)
Beer permits	3,500.00	3,500.00	4,150.00	650.00
Other licenses/permits	2,000.00	2,000.00	1,380.00	(620.00)
Total Licenses and Permits	393,000.00	393,000.00	378,419.50	(14,580.50)

Continued

**CITY OF BAKER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE (Continued)**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u>
<b>Charges for Services:</b>				
Garbage collection	\$ 1,100,000.00	\$ 1,100,000.00	\$ 1,209,815.30	\$ 109,815.30
Public safety	60,000.00	60,000.00	142,076.78	82,076.78
Civic Center fees	38,000.00	38,000.00	46,600.00	8,600.00
Rent - utility	302,480.00	302,480.00	302,480.04	0.04
Citizen's participation	15,000.00	10,000.00	9,155.95	(844.05)
Rent - City property	30,000.00	30,000.00	26,925.00	(3,075.00)
Other charges for services	800.00	800.00	3,413.98	2,613.98
Police reports/fingerprinting/fines	703,000.00	703,000.00	814,747.90	111,747.90
Rent - sewer	18,520.00	18,520.00	18,520.08	0.08
Rezoning fees	100.00	100.00	275.00	175.00
<b>Total Charges for Services</b>	<b>2,267,900.00</b>	<b>2,262,900.00</b>	<b>2,574,010.03</b>	<b>311,110.03</b>
<b>Fines:</b>				
City court/prosecutor fees	270,000.00	270,000.00	315,915.66	45,915.66
<b>Interest:</b>				
Interest earned	80,000.00	40,000.00	40,165.86	165.86
<b>Other Revenues:</b>				
Grant proceeds/FEMA reimb	58,000.00	58,000.00	611,605.84	553,605.84
Other revenues	21,500.00	21,500.00	105,583.24	84,083.24
Donations	15,000.00	15,000.00	34,935.00	19,935.00
Inspection fees	12,000.00	12,000.00	16,994.00	4,994.00
Vending machine commissions	200.00	200.00	154.25	(45.75)
<b>Total Other Revenues</b>	<b>106,700.00</b>	<b>106,700.00</b>	<b>769,272.33</b>	<b>662,572.33</b>
<b>Total Revenues</b>	<b>7,585,260.00</b>	<b>7,530,260.00</b>	<b>8,699,153.41</b>	<b>1,168,893.41</b>

Continued

**CITY OF BAKER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE (Continued)**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>EXPENDITURES</u></b>				
<b>General Government:</b>				
Administrative	\$ 964,936.00	\$ 964,936.00	\$ 1,011,145.83	\$ (46,209.83)
Alcohol control board	4,364.00	4,364.00	4,300.63	63.37
Buidling and grounds	504,301.00	504,301.00	438,964.54	65,336.46
Central garage	129,115.00	129,115.00	116,119.33	12,995.67
Central stores	83,222.00	83,222.00	78,913.01	4,308.99
Council	127,198.00	127,198.00	98,272.92	28,925.08
Economic development	120,000.00	120,000.00	67,839.53	52,160.47
Heritage museum	81,460.00	81,460.00	59,921.15	21,538.85
Inspection	137,417.00	137,417.00	135,699.78	1,717.22
Judicial system	641,108.00	641,108.00	610,469.63	30,638.37
Personnel	62,227.00	62,227.00	60,304.62	1,922.38
Planning commission	4,818.00	4,818.00	4,398.38	419.62
<b>Total General Government</b>	<b>2,860,166.00</b>	<b>2,860,166.00</b>	<b>2,686,349.35</b>	<b>173,816.65</b>
<b>Public Safety:</b>				
Fire	1,269,873.00	1,289,873.00	1,345,045.66	(55,172.66)
Police	2,333,538.00	2,333,538.00	2,144,382.96	189,155.04
Fire/Police Civil Service	7,870.00	7,870.00	9,783.02	(1,913.02)
<b>Total Public Safety</b>	<b>3,611,281.00</b>	<b>3,631,281.00</b>	<b>3,499,211.64</b>	<b>132,069.36</b>

Continued

**CITY OF BAKER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE (Continued)**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
Public works	\$ 2,020,813.00	\$ 2,020,813.00	\$ 1,909,670.28	\$ 111,142.72
Capital outlay	249,300.00	594,300.00	571,955.11	22,344.89
Total Expenditures	8,442,060.00	8,807,060.00	8,367,770.99	439,289.01
Excess (Deficiency) of Revenues over Expenditures	(1,156,300.00)	(1,576,300.00)	31,967.03	1,608,267.03
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Debt service	-	(200,000.00)	(188,750.66)	11,249.34
Operating transfers, net	120,000.00	(82,000.00)	(81,758.26)	241.74
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,036,300.00)	(1,858,300.00)	(238,541.89)	1,619,758.11
Fund Balances, beginning	5,205,945.96	5,205,945.96	5,205,945.96	-
Fund Balances, ending	4,169,645.96	3,347,645.96	4,967,404.07	1,619,758.11

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
STREET MAINTENANCE/CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Sales taxes	\$ 487,200.00	\$ 487,200.00	\$ 648,890.62	\$ 161,690.62
Interest earned	-	-	7,438.43	7,438.43
Total Revenues	487,200.00	487,200.00	656,329.05	169,129.05
<b><u>EXPENDITURES</u></b>				
Public works	140,000.00	1,000,000.00	955,440.79	44,559.21
Capital outlay	15,000.00	330,000.00	329,974.60	25.40
Total Expenditures	155,000.00	1,330,000.00	1,285,415.39	44,584.61
Excess (Deficiency) of Revenues over Expenditures	332,200.00	(842,800.00)	(629,086.34)	213,713.66
Fund Balances, beginning	5,577,863.18	5,577,863.18	5,577,863.18	-
Fund Balances, ending	5,910,063.18	4,735,063.18	4,948,776.84	213,713.66

See Accompanying Notes and Independent Auditors' Report



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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
GENERAL FUND  
JUNE 30, 2012 AND 2011**

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<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 2,019,337.23	\$ 2,872,436.97
Investments	1,630,397.81	1,606,927.20
Inventory, at cost	50,256.71	43,701.49
Due from other funds	589,960.15	620.07
Account receivables, net	293,262.21	196,500.66
Taxes receivables, net	639,765.55	435,211.42
Accrued interest receivable	-	220.39
Prepaid expenses	38,089.65	38,089.65
Restricted assets:		
Cash and cash equivalents	154,400.63	197,578.25
<b>TOTAL ASSETS</b>	<b>5,415,469.94</b>	<b>5,391,286.10</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>		
Accounts payable	179,210.86	4,874.24
Accrued interest payable	-	4,849.93
Other payables	42,371.73	12,812.56
Due to other funds	198,721.60	135,041.73
Deferred revenue	27,761.68	27,761.68
<b>Total Liabilities</b>	<b>448,065.87</b>	<b>185,340.14</b>

Continued

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE BALANCE SHEET (Continued)**  
**GENERAL FUND**  
**JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
Fund Balances:		
Restricted	\$ 9,243.03	\$ 197,578.25
Committed	841,694.12	818,335.06
Assigned	56,047.76	64,354.43
Unassigned	<u>4,060,419.16</u>	<u>4,125,678.22</u>
Total Fund Balances	<u>4,967,404.07</u>	<u>5,205,945.96</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>5,415,469.94</u></u>	 <u><u>5,391,286.10</u></u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>REVENUES</u></b>		
<b>Intergovernmental:</b>		
Street maintenance (City Parish)	\$ 22,100.00	\$ 68,632.31
Weed cutting (DOTD)	-	15,945.00
	<hr/>	<hr/>
Total Intergovernmental	22,100.00	84,577.31
<b>Taxes:</b>		
Sales	3,259,384.13	4,128,165.85
Franchise	700,129.64	603,456.89
Property	361,637.85	364,625.21
Occupancy	37,136.49	54,792.92
Industrial	68,606.00	53,317.00
Video bingo	92,285.00	80,315.00
Firemen's	57,083.00	51,343.99
Chain store	11,559.11	12,705.00
Beer	11,448.81	9,022.78
	<hr/>	<hr/>
Total Taxes	4,599,270.03	5,357,744.64
<b>Licenses and Permits:</b>		
Insurance licenses	183,787.47	208,058.78
Business licenses	173,163.03	181,433.39
Building permits	5,894.00	5,166.50
Plumbing licenses	4,400.00	6,700.00
Plumbing permits	1,870.00	3,068.00
Electrical licenses	2,350.00	4,000.00
Electrical permits	1,425.00	1,955.00
Beer licenses	4,150.00	4,437.50
Other licenses/permits	1,380.00	1,665.00
	<hr/>	<hr/>
Total Licenses and Permits	378,419.50	416,484.17

Continued

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**GENERAL FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Charges for Services:		
Garbage collection	\$ 1,209,815.30	\$ 1,080,272.26
Public safety	142,076.78	220,490.29
Civic Center fees	46,600.00	45,875.00
Rent - utility	302,480.04	302,480.04
Citizen's participation	9,155.95	12,604.66
Rent - City property	26,925.00	50,587.50
Other charges for services	3,413.98	-
Police reports/fingerprinting/fines	814,747.90	560,096.72
Rent - sewer	18,520.08	18,520.08
Rezoning fees	275.00	150.00
	<hr/>	<hr/>
Total Charges for Services	2,574,010.03	2,291,076.55
Fines:		
City court/prosecutor fees	315,915.66	285,599.00
Interest:		
Interest earned	40,165.86	42,240.52
Other Revenues:		
Grant proceeds and FEMA reimbursements	611,605.84	887,489.35
Other revenues	105,583.24	100,693.37
Donations	34,935.00	74,222.00
Inspection fees	16,994.00	14,959.69
Vending machine commissions	154.25	207.52
	<hr/>	<hr/>
Total Other Revenues	769,272.33	1,077,571.93
	<hr/>	<hr/>
Total Revenues	8,699,153.41	9,555,294.12

Continued

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**GENERAL FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>EXPENDITURES</u></b>		
<b>General Government:</b>		
Administrative/Finance	\$ 1,011,145.83	\$ 1,248,827.04
Alcohol/Beverage Control Board	4,300.63	3,669.88
Building and Grounds	89,245.25	118,364.15
Central Garage	116,119.33	128,096.25
Central Stores	78,913.01	83,080.28
City Attorney	87,334.08	86,698.55
City Court	361,710.63	353,256.27
Civic Center	249,116.60	329,198.28
Civil Service	60,304.62	62,634.78
Council	98,272.92	104,155.65
Council on Aging	8,000.18	9,405.83
Economic Development	67,839.53	112,204.65
Heritage Museum	59,921.15	67,845.82
Inspection	135,699.78	143,252.98
Municipal Annex	92,602.51	152,161.10
Planning Commission	4,398.38	3,791.21
Prosecutor	161,424.92	125,615.94
	<hr/>	<hr/>
Total General Government	2,686,349.35	3,132,258.66
 <b>Public Safety:</b>		
Fire	1,345,045.66	1,557,077.52
Police	2,144,382.96	2,115,893.17
Fire/Police Civil Service	9,783.02	33,416.44
	<hr/>	<hr/>
Total Public Safety	3,499,211.64	3,706,387.13
 <b>Public Works:</b>		
	1,909,670.28	2,012,816.61

Continued

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**GENERAL FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Capital Outlay:		
Administrative	\$ -	\$ 40,855.50
City Court	15,255.59	-
Prosecutor	10,164.38	-
Police	155,789.69	129,640.15
Fire	390,745.45	141,171.34
	<hr/>	<hr/>
Total Capital Outlay	571,955.11	311,666.99
	<hr/>	<hr/>
Total Expenditures	8,367,770.99	9,163,129.39
	<hr/>	<hr/>
Excess of Revenues over Expenditures	31,967.03	392,164.73
 <u>OTHER FINANCING SOURCES (USES)</u>		
Bond proceeds	-	105,744.28
Principle paid on long-term debt	(179,000.00)	(1,444,000.00)
Interest on long-term debt	(9,750.66)	(18,948.23)
Operating transfers in	120,000.00	-
Operating transfers out	(201,758.26)	(623,462.65)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(270,508.92)	(1,980,666.60)
	<hr/>	<hr/>
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(238,541.89)	(1,588,501.87)
	<hr/>	<hr/>
Fund Balances, beginning	5,205,945.96	6,862,742.49
	<hr/>	<hr/>
Adjustment to prior periods	-	(68,294.66)
	<hr/>	<hr/>
Fund Balances, ending	4,967,404.07	5,205,945.96
	<hr/>	<hr/>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2012**

**With Comparative Totals for June 30, 2011**

	911 <u>Communications</u>	Supplemental <u>Pay</u>	Fire/Police <u>Special Tax</u>	Street Maintenance/ <u>Construction</u>	City <u>Court</u>	<u>Totals</u> (Memorandum Only)	
						<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 239,387.99	\$ -	\$ -	\$ -	\$ 736,972.03	\$ 976,360.02	\$ 713,206.73
Due from other funds	-	-	198,721.60	-	-	198,721.60	135,041.73
Due from other governmental agencies	-	-	66,319.41	55,121.37	-	121,440.78	51,716.64
Restricted assets:							
Cash and cash equivalents	-	-	-	2,893,655.47	-	2,893,655.47	3,701,151.11
Investments	-	32,632.17	-	2,000,000.00	-	2,032,632.17	2,000,000.00
<b>TOTAL ASSETS</b>	<b>239,387.99</b>	<b>32,632.17</b>	<b>265,041.01</b>	<b>4,948,776.84</b>	<b>736,972.03</b>	<b>6,222,810.04</b>	<b>6,601,116.21</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
Liabilities:							
Accounts payable	-	-	-	-	15,255.59	15,255.59	4,014.08
Due to other funds	-	-	589,340.08	-	620.07	589,960.15	620.07
Due to other governmental agencies	-	-	-	-	84,523.25	84,523.25	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>589,340.08</b>	<b>-</b>	<b>100,398.91</b>	<b>689,738.99</b>	<b>4,634.15</b>



**CITY OF BAKER, LOUISIANA**  
**COMBINING BALANCE SHEET (Continued)**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2012**

**With Comparative Totals for June 30, 2011**

	<u>911</u>	<u>Supplemental</u>	<u>Fire/Police</u>	<u>Street</u>	<u>City</u>	<u>Totals</u>	
	<u>Communications</u>	<u>Pay</u>	<u>Special Tax</u>	<u>Maintenance/</u>	<u>Court</u>	<u>(Memorandum Only)</u>	
				<u>Construction</u>		<u>2012</u>	<u>2011</u>
<b>Fund Balances (Deficits):</b>							
Restricted for fire/police salaries and capital	\$ -	\$ 32,632.17	\$ (324,299.07)	\$ -	\$ -	\$ (291,666.90)	\$ 306,032.22
Restricted for street maint/construction	-	-	-	4,948,776.84	-	4,948,776.84	5,577,863.18
Committed for emergency response	239,387.99	-	-	-	-	239,387.99	195,806.81
Committed for court operations	-	-	-	-	636,573.12	636,573.12	516,779.85
<b>Total Fund Balances (Deficits)</b>	<b>239,387.99</b>	<b>32,632.17</b>	<b>(324,299.07)</b>	<b>4,948,776.84</b>	<b>636,573.12</b>	<b>5,533,071.05</b>	<b>6,596,482.06</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>239,387.99</b>	<b>32,632.17</b>	<b>265,041.01</b>	<b>4,948,776.84</b>	<b>736,972.03</b>	<b>6,222,810.04</b>	<b>6,601,116.21</b>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2012**

**With Comparative Totals for the Year Ended June 30, 2011**

	911 <u>Communications</u>	Supplemental <u>Pay</u>	Fire/Police <u>Special Tax</u>	Street Maintenance/ <u>Construction</u>	City <u>Court</u>	<u>Totals</u> (Memorandum Only)	
						<u>2012</u>	<u>2011</u>
<b><u>REVENUES</u></b>							
Intergovernmental	\$ 183,850.38	\$ -	\$ -	\$ -	\$ -	\$ 183,850.38	\$ 159,958.62
Taxes	-	-	807,795.10	648,890.62	-	1,456,685.72	1,839,190.23
Charges for services/fines	-	-	30,232.09	-	332,968.06	363,200.15	456,750.31
Other revenues	-	-	556.88	-	-	556.88	37,061.34
Total Revenues	183,850.38	-	838,584.07	648,890.62	332,968.06	2,004,293.13	2,492,960.50
<b><u>EXPENDITURES</u></b>							
General government	-	-	-	-	197,919.20	197,919.20	181,582.98
Public safety	140,269.20	-	1,522,803.27	-	-	1,663,072.47	1,606,117.84
Public works	-	-	-	955,440.79	-	955,440.79	22,091.49
Capital outlay	-	-	-	329,974.60	15,255.59	345,230.19	39,005.65
Total Expenditures	140,269.20	-	1,522,803.27	1,285,415.39	213,174.79	3,161,662.65	1,848,797.96
Excess (Deficiency) of Revenues over Expenditures	43,581.18	-	(684,219.20)	(636,524.77)	119,793.27	(1,157,369.52)	644,162.54

**CITY OF BAKER, LOUISIANA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (Continued)**  
**YEAR ENDED JUNE 30, 2012**

With Comparative Totals for the Year Ended June 30, 2011

	911 <u>Communications</u>	Supplemental <u>Pay</u>	Fire/Police <u>Special Tax</u>	Street Maintenance/ <u>Construction</u>	City <u>Court</u>	<u>Totals</u> (Memorandum Only)	
						<u>2012</u>	<u>2011</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>							
Grants and other contributions	-	-	4,761.82	-	-	4,761.82	-
Interest earned	-	-	-	7,438.43	-	7,438.43	37,347.51
Operating transfers	-	(120,000.00)	201,758.26	-	-	81,758.26	623,462.65
<b>Total Other Financing Sources (Uses)</b>	-	(120,000.00)	206,520.08	7,438.43	-	93,958.51	660,810.16
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	43,581.18	(120,000.00)	(477,699.12)	(629,086.34)	119,793.27	(1,063,411.01)	1,304,972.70
Fund Balances, beginning	195,806.81	152,632.17	153,400.05	5,577,863.18	516,779.85	6,596,482.06	5,223,214.70
Adjustments to prior periods	-	-	-	-	-	-	68,294.66
<b>Fund Balances (Deficits), ending</b>	<b>239,387.99</b>	<b>32,632.17</b>	<b>(324,299.07)</b>	<b>4,948,776.84</b>	<b>636,573.12</b>	<b>5,533,071.05</b>	<b>6,596,482.06</b>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
911 COMMUNICATIONS FUND  
JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 239,387.99	\$ 195,806.81
<b>TOTAL ASSETS</b>	<u>239,387.99</u>	<u>195,806.81</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities	-	-
Fund Balances:		
Committed for emergency response	<u>239,387.99</u>	<u>195,806.81</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>239,387.99</u>	<u>195,806.81</u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**911 COMMUNICATIONS FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>REVENUES</u></b>		
EMS payments	\$ 183,850.38	\$ 159,958.62
<b><u>EXPENDITURES</u></b>		
Salaries and overtime	54,889.18	65,681.42
Retirement	11,390.57	17,988.50
Computer expense	7,875.00	952.44
Insurance	12,643.71	26,587.32
Maintenance and repairs	31,730.00	425.79
Supplies	3,948.98	686.48
Telephone	17,791.76	17,150.02
Capital outlay	-	27,140.15
Total Expenditures	<u>140,269.20</u>	<u>156,612.12</u>
Excess of Revenues over Expenditures	43,581.18	3,346.50
Fund Balances, beginning	<u>195,806.81</u>	<u>192,460.31</u>
Fund Balances, ending	<u><u>239,387.99</u></u>	<u><u>195,806.81</u></u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
SUPPLEMENTAL PAY FUND  
JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Restricted assets:		
Investments	\$ 32,632.17	\$ 152,632.17
<b>TOTAL ASSETS</b>	<u>32,632.17</u>	<u>152,632.17</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities	-	-
Fund Balances:		
Restricted for fire/police salaries	<u>32,632.17</u>	<u>152,632.17</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>32,632.17</u>	<u>152,632.17</u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**SUPPLEMENTAL PAY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>	\$ -	\$ -
<u>EXPENDITURES</u>	-	-
Excess of Revenues over Expenditures	-	-
<u>OTHER FINANCING SOURCES (USES)</u>		
Operating transfers	(120,000.00)	-
Deficiency of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(120,000.00)	-
Fund Balances, beginning	152,632.17	152,632.17
Fund Balances, ending	32,632.17	152,632.17

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
FIRE/POLICE SPECIAL TAX FUND  
JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Due from other governmental agencies	\$ 66,319.41	\$ 22,372.40
Due from other funds	198,721.60	135,041.73
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>265,041.01</b>	<b>157,414.13</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>Liabilities:</b>		
Due to other funds	589,340.08	-
Accounts payable	-	4,014.08
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>589,340.08</b>	<b>4,014.08</b>
<b>Fund Balances (Deficit):</b>		
Restricted for fire/police salaries and capital	(324,299.07)	153,400.05
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>265,041.01</b>	<b>157,414.13</b>
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See Accompanying Notes and Independent Auditors' Report



**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FIRE/POLICE SPECIAL TAX FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>REVENUES</u></b>		
Sales taxes	\$ 807,795.10	\$ 988,876.71
Charges for services/fines	30,232.09	-
Other revenues	556.88	37,061.34
Total Revenues	838,584.07	1,025,938.05
<b><u>EXPENDITURES</u></b>		
Salaries and overtime	957,906.31	1,011,649.99
Retirement	474,498.64	410,879.96
Insurance	87,898.32	1,383.08
Computer/technology	-	1,716.60
Maintenance and repairs	-	955.72
Supplies	-	50,060.52
Training	2,500.00	-
Total Expenditures	1,522,803.27	1,476,645.87
Deficiency of Revenues over Expenditures	(684,219.20)	(450,707.82)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Grants and other contributions	4,761.82	-
Operating transfers in	201,758.26	623,462.65
Total Other Financing Sources (Uses)	206,520.08	623,462.65
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(477,699.12)	172,754.83
Fund Balances (Deficit), beginning	153,400.05	(87,649.44)
Adjustments to prior periods	-	68,294.66
Fund Balances (Deficit), ending	(324,299.07)	153,400.05

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
STREET MAINTENANCE/CONSTRUCTION FUND  
JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Due from other governmental agencies	\$ 55,121.37	\$ 29,344.24
Restricted assets:		
Cash and cash equivalents	2,893,655.47	3,548,518.94
Investments	2,000,000.00	2,000,000.00
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>4,948,776.84</b>	<b>5,577,863.18</b>
	<hr/> <hr/>	<hr/> <hr/>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities	-	-
Fund Balances:		
Restricted for street maintenance/construction	4,948,776.84	5,577,863.18
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>4,948,776.84</b>	<b>5,577,863.18</b>
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See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**STREET MAINTENANCE/CONSTRUCTION FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>REVENUES</u></b>		
Sales taxes	\$ 648,890.62	\$ 850,313.52
<b><u>EXPENDITURES</u></b>		
Professional fees	67,385.06	16,106.04
Supplies and materials	888,055.73	5,985.45
Capital outlay	329,974.60	11,865.50
Total Expenditures	<u>1,285,415.39</u>	<u>33,956.99</u>
Excess (Deficiency) of Revenues over Expenditures	(636,524.77)	816,356.53
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Interest earned	<u>7,438.43</u>	<u>37,347.51</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(629,086.34)	853,704.04
Fund Balances, beginning	<u>5,577,863.18</u>	<u>4,724,159.14</u>
Fund Balances, ending	<u><u>4,948,776.84</u></u>	<u><u>5,577,863.18</u></u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
CITY COURT FUND  
JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 736,972.03	\$ 517,399.92
<b>TOTAL ASSETS</b>	<u>736,972.03</u>	<u>517,399.92</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Accounts payable	15,255.59	-
Due to other funds	620.07	620.07
Due to other governmental agencies	84,523.25	-
	<u>100,398.91</u>	<u>620.07</u>
<b>Total Liabilities</b>	<b>100,398.91</b>	<b>620.07</b>
Fund Balances:		
Unreserved:		
Committed for court operations	636,573.12	516,779.85
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>736,972.03</u>	<u>517,399.92</u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**CITY COURT FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>REVENUES</u></b>		
Court costs earned	\$ 332,968.06	\$ 456,750.31
<b><u>EXPENDITURES</u></b>		
Ad hoc judge/subpoenas	-	350.00
Computer expenses	3,387.75	5,079.65
Drug testing	313.10	1,286.13
Library/training	-	5,363.96
Office and supplies	65,803.03	31,214.48
Professional fees	31,300.93	4,382.50
Repairs and maintenance	1,109.20	175.00
Salaries and related expenses	61,038.13	127,938.44
Seminars and travel	17,617.84	4,158.89
Utilities/insurance	17,349.22	1,633.93
Capital outlay	15,255.59	-
	<hr/>	<hr/>
Total Expenditures	213,174.79	181,582.98
	<hr/>	<hr/>
Excess of Revenues over Expenditures	119,793.27	275,167.33
	<hr/>	<hr/>
Fund Balances, beginning	516,779.85	241,612.52
	<hr/>	<hr/>
Fund Balances, ending	636,573.12	516,779.85
	<hr/>	<hr/>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
UTILITY FUND  
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 3,660,832.41	\$ 2,498,370.75
Inventory	35,952.19	22,695.56
Accounts receivable, net	474,756.63	377,711.13
Unbilled receivables	166,092.00	162,198.50
Accrued interest receivable	-	128.12
Prepaid expenses	-	1,500.00
	<hr/>	<hr/>
Total Current Assets	4,337,633.23	3,062,604.06
Restricted Assets:		
Cash and cash equivalents	560,453.50	46,148.51
Investments	232,437.92	732,437.92
	<hr/>	<hr/>
Total Restricted Assets	792,891.42	778,586.43
Other Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$7,496,630.33 in 2012 and \$7,132,387.57 in 2011	<hr/>	<hr/>
	6,466,978.14	6,328,420.11
Total Other Assets	<hr/>	<hr/>
	6,466,978.14	6,328,420.11
 TOTAL ASSETS	 <hr/>	 <hr/>
	11,597,502.79	10,169,610.60

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**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE BALANCE SHEET (Continued)**  
**UTILITY FUND**  
**JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Payable from current assets:		
Accounts payable	\$ 40,403.09	\$ 25,672.18
Payroll and related payables	-	9,893.77
Notes payable - current portion	227,750.00	227,750.00
Payable from restricted assets:		
Customer deposits	792,891.42	778,586.43
	<hr/>	<hr/>
Total Current Liabilities	1,061,044.51	1,041,902.38
Long-Term Liabilities:		
Compensated absences payable	53,387.36	305,724.27
Notes payable	2,491,333.18	2,200,000.00
	<hr/>	<hr/>
Total Long-Term Liabilities	2,544,720.54	2,505,724.27
	<hr/>	<hr/>
Total Liabilities	3,605,765.05	3,547,626.65
Net Assets:		
Invested in capital assets, net of related debt	3,747,894.96	3,900,670.11
Restricted for customer deposits	792,891.42	778,586.43
Restricted for capital improvements	750,000.00	-
Restricted for debt service	1,000,000.00	-
Unrestricted	1,700,951.36	1,942,727.41
	<hr/>	<hr/>
Total Net Assets	7,991,737.74	6,621,983.95
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>11,597,502.79</b>	<b>10,169,610.60</b>
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See Accompanying Notes and Independent Auditor's Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**UTILITY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>OPERATING REVENUES</u></b>		
Charges for services:		
Water sales	\$ 1,344,538.57	\$ 919,671.46
Gas sales	2,066,937.85	2,055,236.17
Reconnection charges	215,853.15	155,026.13
Sewer fees	960,075.31	613,018.66
Other operating revenues	19,971.18	48,056.49
Total Operating Revenues	4,607,376.06	3,791,008.91
<b><u>OPERATING EXPENSES</u></b>		
Administrative	184,449.97	169,032.58
Depreciation	364,242.76	316,190.36
Employee and related expenses	1,027,635.14	1,150,923.40
Occupancy	448,845.79	431,943.60
Personal services	1,267,185.50	1,612,935.25
Total Operating Expenses	3,292,359.16	3,681,025.19
Operating Income	1,315,016.90	109,983.72
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest earned	356.67	1,491.78
Grant proceeds and other contributions	110,106.46	492,648.79
Interest expense	(55,726.24)	(163,458.66)
Total Non-Operating Revenues (Expenses)	54,736.89	330,681.91
Net Income	1,369,753.79	440,665.63
Net Assets, beginning	6,621,983.95	6,181,318.32
Net Assets, ending	7,991,737.74	6,621,983.95

See Accompanying Notes and Independent Auditors' Report



**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**UTILITY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 4,520,742.05	\$ 3,886,661.43
Cash paid to suppliers for goods/services	(1,897,506.98)	(2,353,081.00)
Cash paid to employees for services	(1,289,865.82)	(1,141,029.63)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	1,333,369.25	392,550.80
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds of bond issuance and other contributions	500,439.64	2,660,249.11
Acquisition of capital assets	(502,800.79)	(2,594,512.22)
Principal paid on bonds	(99,000.00)	-
Interest paid on bonds	(55,726.24)	(163,458.66)
	<hr/>	<hr/>
Net Cash Used for Capital and Related Financing Activities	(157,087.39)	(97,721.77)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	484.79	6,718.02
Purchase/maturities of securities	500,000.00	(494,349.00)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Investing Activities	500,484.79	(487,630.98)
Net Increase (Decrease) in Cash and Cash Equivalents	1,676,766.65	(192,801.95)
Cash and Cash Equivalents, beginning of year	2,544,519.26	2,737,321.21
	<hr/>	<hr/>
Cash and Cash Equivalents, end of year	4,221,285.91	2,544,519.26
	<hr/>	<hr/>

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**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF CASH FLOWS (Continued)**  
**UTILITY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 1,315,016.90	\$ 109,983.72
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	364,242.76	316,190.36
(Increase) decrease in assets:		
Inventory	(13,256.63)	(12,347.40)
Accounts receivable	(100,939.00)	20,056.57
Prepaid expenses	1,500.00	(1,500.00)
Increase (decrease) in liabilities:		
Accounts payable	14,730.91	(125,322.11)
Payroll and related payables	(9,893.77)	9,893.77
Customer deposits	14,304.99	75,595.95
Compensated absences	(252,336.91)	-
Net Cash Provided by Operating Activities	<u>1,333,369.25</u>	<u>392,550.86</u>
<b>BALANCE SHEET PRESENTATION OF CASH:</b>		
Current Assets:		
Cash and cash equivalents	3,660,832.41	2,498,370.75
Restricted Assets:		
Cash and cash equivalents	<u>560,453.50</u>	<u>46,148.51</u>
Cash and Cash Equivalents, end of year	<u>4,221,285.91</u>	<u>2,544,519.26</u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
CEMETERY FUND  
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 232,364.49	\$ 179,087.16
Inventory	338,966.15	346,838.06
Accounts receivable, net	18,214.87	12,751.83
	<hr/>	<hr/>
Total Current Assets	589,545.51	538,677.05
Restricted Assets:		
Investments	221,178.26	194,621.25
	<hr/>	<hr/>
Total Restricted Assets	221,178.26	194,621.25
Other Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$281,375.74 in 2012 and \$308,577.16 in 2011	204,614.29	218,187.72
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>1,015,338.06</u></b>	<b><u>951,486.02</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Payable from current assets:		
Accounts payable	8,444.64	11.82
	<hr/>	<hr/>
Total Current Liabilities (Payable from Current Assets)	8,444.64	11.82

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE BALANCE SHEET (Continued)**  
**CEMETERY FUND**  
**JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Payable from restricted assets:		
Merchandise payable	\$ 53,069.03	\$ 63,852.51
Total Current Liabilities (Payable from Restricted Assets)	<u>53,069.03</u>	<u>63,852.51</u>
Total Current Liabilities	61,513.67	63,864.33
Long-Term Liabilities:		
Compensated absences payable	2,523.76	2,275.09
Merchandise payable	309,512.06	337,483.07
Payable from restricted assets:		
Merchandise payable	<u>168,109.23</u>	<u>130,768.74</u>
Total Long-Term Liabilities	<u>480,145.05</u>	<u>470,526.90</u>
Total Liabilities	541,658.72	534,391.23
Net Assets:		
Invested in capital assets, net of related debt	204,614.29	218,187.72
Restricted for pre-need items	221,178.26	194,621.25
Unrestricted	<u>47,886.79</u>	<u>4,285.82</u>
Total Net Assets	<u>473,679.34</u>	<u>417,094.79</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,015,338.06</u></u>	<u><u>951,486.02</u></u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUE, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**CEMETERY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>OPERATING REVENUES</u></b>		
Sale of merchandise, net of cost of goods sold of \$73,961.74 in 2012 and \$57,732.08 in 2011	\$ 167,158.70	\$ 166,507.96
<b><u>OPERATING EXPENSES</u></b>		
Administrative	11,326.57	11,935.86
Depreciation	13,573.43	20,541.57
Employee and related expenses	96,984.94	95,835.02
Occupancy	11,824.21	14,185.38
Personal services	9,154.29	19,253.83
Total Operating Expenses	<u>142,863.44</u>	<u>161,751.66</u>
Operating Income	24,295.26	4,756.30
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Interest earned	27,245.20	13,044.96
Gain on sale of investments	367.37	7,530.95
Lease income	4,063.00	3,922.00
Other revenues	613.72	185.03
Total Non-Operating Revenues (Expenses)	<u>32,289.29</u>	<u>24,682.94</u>
Net Income	56,584.55	29,439.24
Net Assets, beginning	<u>417,094.79</u>	<u>387,655.55</u>
Net Assets, ending	<u><u>473,679.34</u></u>	<u><u>417,094.79</u></u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**CEMETERY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 235,657.40	\$ 228,808.04
Cash paid to suppliers for goods/services	(91,376.08)	(118,186.18)
Cash paid to employees for services	(96,736.27)	(95,835.02)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	47,545.05	14,786.84
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
<b>FINANCING ACTIVITIES</b>	-	-
 <b>CASH FLOWS FROM CAPITAL AND RELATED</b>		
<b>FINANCING ACTIVITIES</b>	-	-
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	27,245.20	13,044.96
Lease income	4,063.00	3,922.00
Purchase/maturities of securities	(25,575.92)	133,513.45
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	5,732.28	150,480.41
 Net Increase in Cash and Cash Equivalents	53,277.33	165,267.25
 Cash and Cash Equivalents, beginning of year	<hr/>	<hr/>
	179,087.16	13,819.91
 Cash and Cash Equivalents, end of year	<hr/>	<hr/>
	232,364.49	179,087.16

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF CASH FLOWS (Continued)**  
**CEMETERY FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 24,295.26	\$ 4,756.30
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	13,573.43	20,541.57
(Increase) decrease in assets:		
Inventory	7,871.91	6,941.80
Accounts receivable	(5,463.04)	4,568.00
Increase (decrease) in liabilities:		
Accounts payable	8,432.82	(8,600.43)
Merchandise payable	(1,414.00)	(13,420.40)
Compensated absences payable	248.67	-
Net Cash Provided by Operating Activities	<u>47,545.05</u>	<u>14,786.84</u>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA  
COMPARATIVE BALANCE SHEET  
CITY PARISH SEWER REVENUE FUND  
JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 207,546.54	\$ 110,265.67
Other Assets:		
Property, plant and equipment, at cost, net of accumulated depreciation of \$4,075.49 in 2012 and 2011	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>207,546.54</u></u>	<u><u>110,265.67</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Due to other governmental agencies	93,406.14	-
Long-Term Liabilities:		
Compensated absences payable	<u>8,039.00</u>	<u>6,821.26</u>
<b>Total Liabilities</b>	101,445.14	6,821.26
Net Assets:		
Unrestricted	<u>106,101.40</u>	<u>103,444.41</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>207,546.54</u></u>	<u><u>110,265.67</u></u>

See Accompanying Notes and Independent Auditors' Report



**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**CITY PARISH SEWER REVENUE FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<u>OPERATING REVENUES</u>		
City Parish sewer user fees	\$ 70,388.21	\$ 38,731.69
<u>OPERATING EXPENSES</u>		
Administrative	1,000.00	34,447.67
Employee and related expenses	52,658.41	46,844.45
Personal services	14,072.81	9,164.22
	<hr/>	<hr/>
Total Operating Expenses	67,731.22	90,456.34
	<hr/>	<hr/>
Operating Income (Loss)	2,656.99	(51,724.65)
	<hr/>	<hr/>
Net Assets, beginning	103,444.41	155,169.06
	<hr/>	<hr/>
Net Assets, ending	106,101.40	103,444.41
	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes and Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**CITY PARISH SEWER REVENUE FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 70,388.21	\$ 43,605.66
Cash paid to suppliers for goods/services	78,333.33	(178,793.87)
Cash paid to employees for services	(51,440.67)	(46,844.45)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	97,280.87	(182,032.66)
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	 -	 -
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	 -	 -
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase/maturities of securities, net	-	250,000.00
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	-	250,000.00
 Net Increase in Cash and Cash Equivalents	 97,280.87	 67,967.34
Cash and Cash Equivalents, beginning of year	110,265.67	42,298.33
	<hr/>	<hr/>
Cash and Cash Equivalents, end of year	207,546.54	110,265.67
	<hr/>	<hr/>

**CITY OF BAKER, LOUISIANA**  
**COMPARATIVE STATEMENT OF CASH FLOWS (Continued)**  
**CITY PARISH SEWER REVENUE FUND**  
**YEARS ENDED JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,656.99	\$ (51,724.65)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
(Increase) decrease in assets:		
Accounts receivable	-	4,873.97
Increase (decrease) in liabilities:		
Accounts and other payables	93,406.14	(135,181.98)
Compensated absences payable	1,217.74	-
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	<u>97,280.87</u>	<u>(182,032.66)</u>

See Accompanying Notes and Independent Auditors' Report

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## **SUPPLEMENTARY SCHEDULES AND INFORMATION**

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**CITY OF BAKER, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS**  
**YEAR ENDED JUNE 30, 2012**

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<u>Name</u>	<u>Salary</u>	<u>Retirement</u>	<u>Travel and Insurance</u>	<u>Total</u>
Mayor Rideau	\$ 67,390.56	\$ 11,287.92	\$ 2,465.56	\$ 81,144.04
Councilpersons:				
Pourciau	12,600.00	.00	675.00	13,275.00
Russell	12,600.00	.00	1,087.16	13,687.16
Vincent	12,600.00	.00	943.36	13,543.36
Walls	12,600.00	.00	1,682.87	14,282.87
Simpson	12,600.00	.00	1,477.87	14,077.87
Chief of Police Knaps	89,770.63	23,052.86	4,739.80	117,563.29
Judge Williams	27,099.96	7,950.00	8,631.74	43,681.70
 Total	 247,261.15	 42,290.78	 21,703.36	 311,255.29

**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

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*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

**REPORT ON COMPLIANCE AND OTHER MATTERS AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Harold Rideau, Mayor  
and the Members of the City Council  
City of Baker, Louisiana  
P. O. Box 707  
Baker, Louisiana 70704-0707

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of the City of Baker, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the City of Baker, Louisiana's basic financial statements and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Baker, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2012.01.

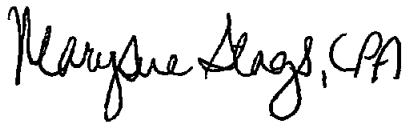
## Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Baker, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Baker, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Baker, Louisiana's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the agency and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
December 17, 2012

**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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*Governmental Audit Quality Control Center*

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Harold Rideau, Mayor  
and the Members of the City Council  
City of Baker, Louisiana  
P. O. Box 707  
Baker, Louisiana 70704-0707

**Compliance**

We have audited the compliance of the City of Baker, Louisiana with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that could have a direct and material effect on each of the City of Baker, La.'s major federal programs for the year ended June 30, 2012. The Organization's major federal programs are identified in the accompanying schedule of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Baker, Louisiana's management. Our responsibility is to express an opinion on the City of Baker, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Baker, Louisiana's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Baker, Louisiana's compliance with those requirements.



In our opinion, the City of Baker, Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

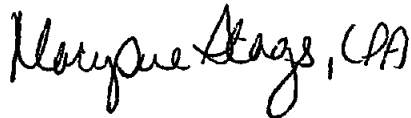
### **Internal Control over Compliance**

The management of the City of Baker, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Baker, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Baker, La.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, others within the Organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
December 17, 2012

**CITY OF BAKER, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<b>Major Programs</b>		
<i>U.S. Environmental Protection Agency</i>		
<u>Passed Through</u>		
Louisiana Department of Environmental Quality		
Capitalization Grants for Clean Water State Revolving Funds-ARRA	66.458	\$ 222,784.36
Current Loan Amount		2,323,784.36
Louisiana Department of Health and Hospitals		
Capitalization Grants for Safe Drinking Water State Revolving Funds	66.468	277,655.28
Current Loan Amount		395,298.82
<b>Non-Major Programs</b>		
<i>U.S. Federal Emergency Management Agency</i>		
<i>Office of Homeland Security</i>		
<u>Passed Through</u>		
Governor's Office of Homeland Security and Emergency Preparedness		
Gustav/Ike Minor Repair Program		57,212.00
Assistance to Communities		504,484.02
		3,781,218.84

**Notes to Schedules of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

**Basis of Presentation**

This schedule of expenditures of federal awards includes the federal grant activity of the City of Baker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report

**CITY OF BAKER, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2012**

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We have audited the financial statements of the governmental activities, business-type activities, each major fund and the remaining fund information of the City of Baker, Louisiana, which collectively comprise the basic financial statements as listed in the table of contents, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2012, resulted in a modified opinion.

**Section I      Summary of Auditor's Reports**

**1.    Report on Compliance and Internal Control Material to the Financial Statements**

Compliance	Material Weakness	■ No
	Control Deficiency(ies)	■ No
Internal Control	Material Weakness	■ No
	Control Deficiency(ies)	■ No

**2.    Federal Awards**

Compliance	Material Weakness	■ No
	Control Deficiency(ies)	■ No
Internal Control	Material Weakness	■ No
	Control Deficiency(ies)	■ No

**Section II      Financial Statement Findings**

**2012.01      Compliance with Audit Law**

*Condition:* La. R.S 24:513 provides that an annual audit must be remitted to the Louisiana Legislative Auditor within six months of the close of the fiscal year.

*Effect:* This deadline was not met for the current year.

*Management's Response.* Our auditor was not able to meet the required deadline.

**Section III      Federal Award Findings and Questioned Costs**

N/A

**CITY OF BAKER, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2012**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

**2011.01      Accounting/Reporting for Other Post-employment Benefits**

*Condition:* GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Other Post-employment Benefits Other Than Pensions* requires that governmental agencies report and disclose data regarding the cost of providing post-employment benefits based on actuarial assumptions. Implementation to adhere to generally accepted accounting principles was during this current year. The City did not report or disclose this information in the accompanying financial statements.

*Effect:* The impact of recognizing the annual required contribution on the statement of activities and the long-term obligation on the statement of net assets is not reasonably determinable as an actuarial study or alternative method was not performed.

*Recommendation.* That the City contract with an actuary to provide this information for the year ending June 30, 2012.

*Disposition.* Resolved

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

**CITY OF BAKER, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2012**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

2012.01      Compliance with Audit Law

Please refer to management's response in the schedule of findings and questioned costs

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A